THE MINISTER OF STATE IN THE MINISTRY OF MINES AND MINERALS (PROF. RITA VERMA): (a) There are two mines reporting production of diamond which are located in Panna district of Madhya Pradesh.

(b) The production of diamonds from the above mines during the last three years is as follows:—

(Quantity in carats)

1996-97	1997-98	1998-99 (Provisional)
31836	30994	34579

(c) The presence of diamond indicator minerals has been observed by the Geological Survey of India in Bahrahdi, Payalikhand area in Raipur district, Duganpal, Bhajripadar and Parakot areas in Bastar district of Madhya Pradesh and Krishna-gravels in Krishna, Guntur, Cuddapah and Prakasam districts in Andhra Pradesh. Exploration in these areas is in progress.

(d) No mining lease for diamond has been granted in the areas indicated in part (c) and hence the question of commencement of mining operations does not arise.

Royalty on Diamond

†1455. SHRI SURESH PACHOURI: Will the Minister of MINES AND MINERALS be pleased to state:

(a) whether Central Government have reduced the rate of royalty on diamond from 20% to 10%;

(b) whether Madhya Pradesh Government has urged the Central Government to restore 20% royalty rate on diamond; and

(c) if so, by when the rate of 20% royalty on diamond is likely to be restored?

THE MINISTER OF STATE IN THE MINISTRY OF MINES AND MINERALS (PROF. RITA VERMA): (a) to (c) The rate of royalty on diamond was reduced from 20 percent of the sale price at

†Original Notice of the Question was received in Hindi.

the pit's mouth value to 10 percent of sale price on ad-valorem basis vide Government Gazette Notification GSR No. 214(E) dated 11.4.97, copy of which had been laid on the Table of the House on 5.5.97. This was based on the recommendations of the Study Group constituted by the Government of India in 1995 for revision of royalty on major minerals (other than Coal & Lignite).

The Study Group constituted in 1995 had detailed consultation with the State Goverments including the Government of Madhya Pradesh before finalising its recommendations. Based on the recommendations of the Study Group, the Government decided to reduce the royalty rate on diamond keeping in view the facts that (i) the royalty rate on diamond in many of the major diamond producing countries are 10% or less; (ii) diamond being the second largest mineral import in value terms, there is urgent need to locate new diamond resources in the country; (iii) potential resources of diamond in India are grossly under explored on account of inadequacy of capital; and (iv) suitable high technology input and lowering of the rate of royalty is expected to encourage larger capital investment and induction of state-of-art technology.

The Government of Madhya Pradesh has been urging the Central Government to restore the rate of royalty on diamonds to 20% but the Government have not found it feasible to accede to their request.

Study group report on coal royalty

†1456. SHRI SURESH PACHOURI: Will the Minister of MINES AND MINERALS be pleased to state:

(a) whether Central Government have received recommendations of the study group constituted to revise the rates of royalty on coal;

(b) if so, the details thereof;

(c) whether the new rates were to be notified by the Central Government by October, 1999; and

(d) if so, the reasons for delay in this regard and by when these rates would be notified?

†Original Notice of the Question was received in Hindi.